- Cable's year in review: A special report
- Showtime/TMC in exclusive Paramount pix pact
- Colin O'Brien tells why he left Jerrold
- CBS, Comsat talk DBS joint venture

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CableVision™

The news and features weekly of the cable television industry

January 2, 1984

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CONGRESSIONAL INFO SERVICE
4520 EAST-WEST HIGHWAY
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Western Week

A Pictorial

CableVision January 2, 1984. Volume 9, Number 18

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ABP BPA

Cable's year in review

CableVision editors look at the industry's past year and prognosticate on what's likely to come this year. This special feature is divided into departments to help pinpoint various industry segments. The "Programming" perspective begins on page 38; "Marketing/Advertising" on page 40; "Business," page 42; "Government & law," page 46; and "Technology," page 47. **Pages 38-48.**

USCI mum about viewers

The success level of the five-channel direct broadcast operation remains a mystery, as it serves an area of 814,390 homes. **Page 15.**

Showtime, Paramount pact

In what industry observers are terming an agreement of major importance, Showtime has received the exclusive pay TV licensing rights for all of Paramount's motion pictures for the next five years. **Leading the week, pages 18-22.**

O'Brien explains GI exit

Former Vice President Colin O'Brien wanted more responsibility, will pursue other interests. **Leading the week, pages 18-22.**

Texas telco overbuild

An overbuild situation is brewing in Texas, where a rural telco has approached officials about constructing fiberoptic cable systems in a 4,750-household area already served by a TCA group division. **Leading the week, pages 18-22.**

Comsat, CBS talk DBS

The DBS field narrows as applicants Comsat and CBS announce they are exploring the creation of a joint venture to launch a DBS service. With high startup expenses forecast, both companies say they will look for additional partners as well. **Leading the week, pages 18-22.**

Tulsa study update

Ogilvy & Mather updates the "Take Me Back To Tulsa" study and reconfirms what cable advocates have been saying all along—cable's cutting into broadcast audience shares. **Leading the week, pages 18-22.**

Antitrust chief resigns

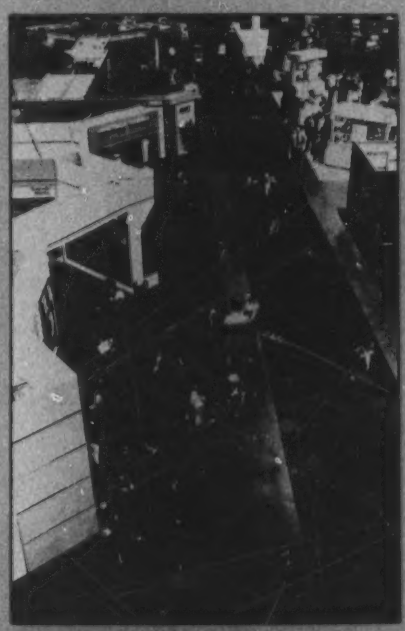
William Baxter, the Justice Department chief most responsible for the Showtime/Movie Channel merger, steps down this month. **Leading the week, pages 18-22.**

Wirth rests up

Rep. Tim Wirth shoots off letters explaining H.R. 4103 to Colorado officials. But mostly, an aide says, Capitol Hill is resting up for "the real fight" over House cable legislation in 1984. **Leading the week, pages 18-22.**

About the cover

The Disney Channel's party, held at Disneyland on Dec. 13, was highlighted by a parade, complete with colorful floats. Photograph by Earl V. DeWald.



This week in PLUS

CableVision photographers, on hand for the industry's week out West, tried to capture the flavor of the NCTA Programming Conference and the Western Show in this pictorial feature. **Pages 23-37.**

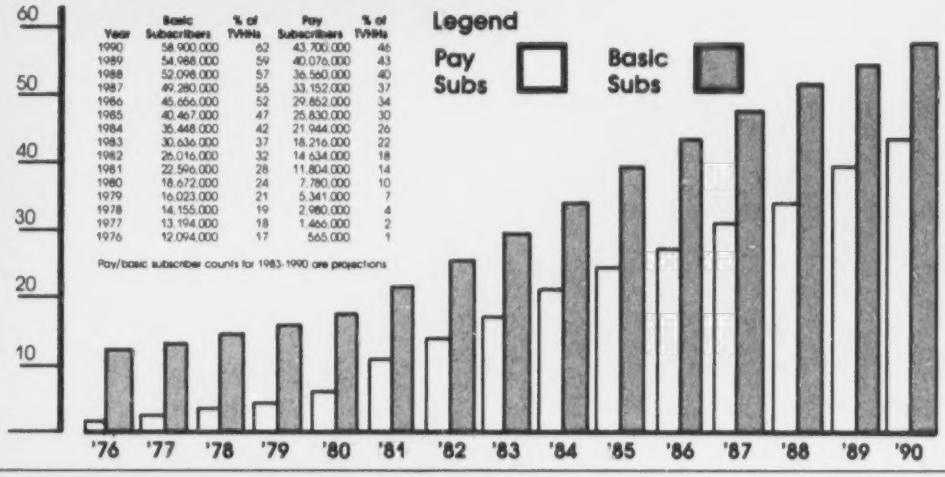
Cablestats

Pay/basic cable growth

Source: ICR, Cable Information Service—a Titsch Communications division.

Year	Basic Subscribers	% of TVHHs	Pay Subscribers	% of TVHHs
1990	58,900,000	62	43,700,000	46
1989	54,988,000	59	40,076,000	43
1988	52,098,000	57	36,560,000	40
1987	49,280,000	55	33,152,000	37
1986	45,666,000	52	29,852,000	34
1985	40,467,000	47	25,830,000	30
1984	35,448,000	42	21,944,000	26
1983	30,636,000	37	18,216,000	22
1982	26,016,000	32	14,634,000	18
1981	22,596,000	28	11,804,000	14
1980	18,672,000	24	7,780,000	10
1979	16,023,000	21	5,341,000	7
1978	14,155,000	19	2,980,000	4
1977	13,194,000	18	1,466,000	2
1976	12,094,000	17	565,000	1

Pay/basic subscriber counts for 1983-1990 are projections



Cable barometer

Television households (TVHH) 83,300,000
Homes passed by cable (HP) . 52,333,336
Percent of TVHH passed by cable 62.7%
Basic cable subscribers . 29,060,756
Percent of TVHH with basic cable 34.5%
Pay cable subs 17,308,666
Percent of TVHH with pay cable 20.5%
Percent of HP with pay cable 33.1%
Percent of basic subs with pay cable .. 59.6%

Figures are as of Aug. 31, 1983

STV operators

IT Subscription Television (STV:17)
Short name: Ann Arbor Subscription TV
3951 Varsity Dr.
Ann Arbor, Mich. 48104
(313) 973-7900
Manager: Chris Webb
Parent: Satellite Syndicated Systems Inc.
Head City: Ann Arbor
Channel: 31
Population: 1,600,000
Granted date: 2/1/80
Turn on date: 2/1/81
Programming: Primarily movies, a few concerts and occasional sports; some pay-per-view; adult tier—Adult Theater.
Basic subs: 16,000 (12/1/83)
Basic rate installation: $49.45
Basic rate month: $19.95
Comments: 3-tier package—2 tiers for $26.90, 3 tiers for $29.95; population in housing units.
Call letters: WIHT
Additional tiers: $3.95

IT Subscription Television (STV:29)
Short name: Tulsa STV
5455 S. 99 East Ave.
Tulsa, Okla., 74146
(918) 622-3891
Manager: Kip Farmer
Parent: Satellite Syndicated Systems Inc.
Head City: Tulsa
Channel: 41
Population: 400,000
Granted date: 11/1/80
Turn on date: 3/1/81
Programming: SelecTV programming—first run movies (80 titles a month), sports, pay-per-view (special events), adult programming tier.
Basic subs: 6,000 (11/1/83)
Basic rate installation: $29.95
Basic rate month: $22.95
Comments: Installation higher in rural areas.
Call letters: KGCT
Additional tiers: $4.95

ON TV (STV:4)
Short name: ON TV
1225 Grand Central Ave.
Glendale, Calif., 91201
(213) 507-6500
Manager: William Guerra
Parent: Oak Communications
Head City: Glendale
Channel: 52
Population: 700,000
Granted date: 8/1/76
Turn on date: 4/1/77
Programming: ON TV programming; movies, sports, concerts, special events, pay-per-view, adult tier-Adults Only (Thursday, Friday and Saturday, late nights only)
Basic subs: 270,824 (6/1/83)
Basic rate installation: $49.95
Basic rate month: $22.63
Call letters: KBSC
Additional tiers: $2.00

ON TV (STV:25)
Short name: ON TV
5179 Fishwick
Cincinnati, Ohio 45216
(513) 641-4400
Manager: James Casey
Parent: Home Entertainment Network, a United Cable Corp. subsidiary
Head City: Cincinnati
Channel: 64
Population: 1,000,000
Granted date: 6/1/77
Turn on date: 12/1/82
Programming: Oak Satellite programming; movies, concerts, some sports, adult tier—Adults Only operates every night but Sunday, scattered pay-per-view events.
Basic subs: 18,739
Basic rate installation: $50.00
Basic rate month: $20.95
Comments: Population in homes passed; Cincinnati and Dayton are combined—one system with same programming and combined #'s
Call letters: WBTI
Additional tiers: $4.95

ON TV (STV:27)
Short name: ON TV
5170 Fishwick
Cincinnati, Ohio 45216
(513) 641-4400
Manager: James Casey
Parent: Home Entertainment Network, a subsidiary of United Cable TV
Head City: Dayton, Ohio
Channel: 66
Population: 1,000,000
Granted date: 6/1/77
Turn on date: 12/1/82
Programming: Oak Satellite programming; movies, concerts, some sports, adult tier—Adults Only operates every night but Sunday, scattered pay-per-view events.
Basic subs: 18,739
Basic rate installation: $50.00
Basic rate month: $20.95
Comments: Population is homes passed; Dayton and Cincinnati are combined as one system (66 is translator for 64); sub #'s same
Call letters: WBTI
Additional tiers: $4.95

ON TV of Chicago (STV:12)
Short name: ON TV
700 E. Business Center Dr.
Mount Prospect, Ill., 60056
(312) 635-7050
Manager: Kent Hauver
Parent: Oak Communications/Harris Broadcasting/Essenes Theaters
Head City: Mount Prospect
Channel: 44

Cable stats

Population: 2,500,000
Granted date: 2/1/80
Turn on date: 9/1/80
Programming: 24-hour ON TV movies, sports, concerts, pay-per-view, adult programming (Adults Only)
Basic subs: 96,846
Basic rate installation: $52.95
Basic rate month: $22.95
Comments: Population is equal to # of households in greater Chicago area; Parent Oak owns 50% and the other two own 25% each.
Call letters: WSNS
Additional tiers: $5.95

ON—TV South Florida (STV: 9)
Short name: ON-TV South Florida
4035 N. 29th Ave.
Hollywood, Fla., 33020
(305) 923-6699
Manager: Mario Dieckmann
Parent: Oak Media Corporation
Head City: Fort Lauderdale, Fla.
Channel: 51
Population: 1,200,000
Granted date: 3/1/79
Turn on date: 1/1/80
Programming: ON-TV programming; basic movies (English, Spanish), sports events, simulcast concerts, pay-per-view (sports), adult tier (Adults only)
Basic subs: 36,000 (7/1/83)
Basic rate installation: $49.95
Basic rate month: $19.95
Comments: Population in households; 3,000 Adults Only subs at $11.95 monthly rate with 24,000 subs both basic and adult tier
Call letters: WKID
Additional tiers: $6.95

PA Pay TV (STV:31)
Short name: PA Pay TV
300 Domino Lane
Phildelphia, Pa., 19128
(215) 483-4550
Manager: Albert Tedesco
Parent: RBC Communications Inc.
Head City: Philadelphia
Channel: 57
Population: 4,000,000
Granted date: 10/1/78
Turn on date: 6/1/81
Programming: PRISM programming; movies, sports, special events
Basic subs: 11,000 (7/1/83)
Basic rate installation: $99.00
Basic rate month: $24.95
Call letters: WWSG

Preview (STV:14)
Short name: Preview
51 Morgan Dr.
Norwood, Mass., 02062
(617) 769-7850
Manager: Ed Dolan
Parent: American Independent Satellite Inc.
Head City: Boston
Channel: 27
Population: 1,600,000
Granted date: 2/1/80
Turn on date: 9/1/80
Programming: 90 movies a month, NCAA Basketball, boxing, pay-per-view (special events), adult programming.
Basic subs: 34,000 (12/1/83)
Basic rate installation: $59.95
Basic rate month: $25.95
Call letters: WSMW

SPECTRUM (STV:13)
Short name: SPECTRUM
501 W. Algonquin Rd.
Arlington Heights, Ill., 60005
(312) 952-1122
Manager: James Weisberg
Parent: United Cable Television Corporation
Head City: Mount Prospect, Ill.
Channel: 66
Population: 3,000,000
Granted date: 7/1/81
Turn on date: 9/1/81
Programming: Premium pay TV service; uninterrupted hit movies, live sporting events, entertainment, concerts, themed program groups, optional adult movies.
Basic subs: 41,168 (7/1/83)
Basic rate installation: $52.00
Basic rate month: $22.95
Comments: Two SPECTRUM systems with other in Minneapolis and a third ON-TV operation in Cincinnati; Population in TV households.
Call letters: WFBN
Additional tiers: $5.95

SPECTRUM (STV: 39)
Short name: SPECTRUM
620 Northeast Taft St.
Minneapolis, Minn. 55413
(612) 623-0200
Manager: Bruce Brisbine
Parent: Home Entertainment Network
Head City: Minneapolis
Channel: 23
Population: 2,500,000
Granted date: 10/1/82
Turn on date: 9/1/82
Programming: Oak Communications - Spectrum presents ON TV; movies, special events, concerts, and two tiers—one for SPECTRUM SPORTS and the other for Adults Only, adult fare.
Basic subs: 21,500 (11/1/83)
Basic rate installation: $69.95
Basic rate month: $20.95
Comments: 3 tier package—each of two tiers for additional $9.95 over basic monthly rate.
Call letters: KTMA
Additional tiers: $9.95

STV Reading Inc. (STV:38)
Short name: The Movie Store
1729 North 11th St.
Reading, Pa., 19604
(215) 921-9181
Manager: Henry Aurandt
Parent: STV Reading Inc.
Head City: Reading
Channel: 51
Population: 700,000
Granted date: 9/1/82
Turn on date: 1/1/83
Programming: SelecTV: premium movie channel with some sports and a late night Adult Theater with Playboy Showcase
Basic subs: 3,000 (11/1/83)
Basic rate installation: $27.00
Basic rate month: $19.95
Comments: Population is TV homes; Installation ranges from free to $54.00; Monthly rates range from $19.95 to $25.95
Call letters: WTVE
Additional tiers: $5.25

SelecTV (STV: 35)
Short name: SelecTV
4085 N. 128th St.
Brookfield, Wis., 53005
(414) 783-4940
Manager: Ray Wosinski
Parent: SelecTV
Head City: Milwaukee, Wis.
Channel: 24
Population: 750,000
Granted date: 6/1/73
Turn on date: 6/1/80
Programming: Basic tier - movies, local sports (Brewers and Bucks), pay-per-view (special events); Adult tier - Adult Theater (daily after 10:30 or 11:00 p.m.)
Basic subs: 118,000 (7/1/83)
Basic rate installation: $49.95
Basic rate month: $23.57
Comments: Subscriber # combined with SelecTV system in Marina del Rey, Calif.
Call letters: WCGV
Additional tiers: $5.25

SelecTV (K26A—STV:21)
Short name: SelecTV (K26AC)
615 Anne St. NW
Bemidji, Minn. 56601
Manager: John Boler
Parent: Community Broadcast Incorporated
Head City: Bemidji
Channel: 26
Population: 62,000
Granted date: 4/1/81
Turn on date: 12/1/81
Programming: SelecTV programming with adult tier - Adult Theater
Basic subs: 1,800 (11/1/83)
Basic rate installation: $49.50
Basic rate month: $15.85
Comments: LPTV operation with STV system - SelecTV programming on channels 26 (Bemidji) and 18 (Grand Rapids) combined - #'s, too
Additional tiers: $6.00

SelecTV - San Francisco (STV:6)
Short name: SelecTV - San Francisco
1176 Cherry Ave.
San Bruno, Calif., 94066
(415) 875-1277
Manager: Chris Maxwell
Parent: SelecTV - San Bruno
Head City: San Francisco, Calif.
Channel: 26
Population: 3,184,000
Granted date: 5/1/83
Turn on date: 5/1/83
Programming: Movies and sports, specials, adult films daily at night
Basic subs: 6,500 (12/1/83)
Basic rate installation: $49.95
Basic rate month: $22.95
Call letters: KTSF

Continued in next week's issue.

Source: ICR, Cable Information Service—a Titsch Communications division

- Times Mirror proposes vendor fee
- Chase Manhattan, Cox in bank-by-cable venture
- 'Mr. Spock' to hype cable scheme from Atari founder
- Omega Communications hawks backyard dishes

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1984 Construction Expenditures Forecast

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PLUS Cable television: A Canadian view

CableVision January 9, 1984. Volume 9, Number 19

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ABP VBPA

Building for the future

Although construction was down in 1983, *CableVision* forecasts some positive results for 1984, due to determined operators, and progressing technology. **Page 59.**

More DBS moves

Daniels and Gillcable officials say they are planning moves into DBS to service noncabled areas near their franchises. **Leading the week, pages 18-24.**

ACTV debuts in February

ACTV—pronounced "active"—a programming system capable of delivering shows tailored to viewer specifications, will be unveiled late next month. Among major investors in the venture: Nolan Bushnell, the creative guru of Atari and Pizza Time Theater. **Leading the week, pages 18-24.**

Cox teams with Chase

Cox Cable teams up with Chase Manhattan Bank to develop electronic banking services for delivery over cable. In addition, Chase Manhattan plans to expand its pilot home banking project, which uses telephone lines to test service in the New York City area. **Leading the week, pages 18-24.**

Chicago SMATV suit

After a year of haggling, Chicago wraps up final contracts for Areas 2 through 5. But city officials aren't sure if they will ever reach agreement with Cablevision Systems over Area 1. Meanwhile, a Chicago SMATV operator sues the city, charging that officials revoked its electrical permits under pressure from Cablevision Systems. **Leading the week, pages 18-24.**

Silent Net delays launch

A switch in satellites, tied to a distribution agreement, has forced a month delay in the network's debut. **Page 25.**

Genesis inks new pact

The text and computer graphics children's service has entered into agreements with ATC and Group W Cable. **Page 28.**

New scholarships offered

Suburban Cablevision begins a new program to aid four college-bound students yearly. **Page 67.**

Canadians push pay

The Canadian Cable Television Association releases survey results showing that marketing cable's pay TV services has become important to Canada's operators. **Page 67.**

TM to charge vendors

The communications conglomerate will no longer review products for placement on its approved vendor list without a fee. **Page 69.**

Omega offers earth stations

An Indianapolis-based MSO has joined the fray by offering home earth stations for rental or purchase. **Page 71.**

Michael Hind-Smith

This week in PLUS

Canadian cable TV is suddenly a technology in search of a demand. Overpenetrated and heavily regulated, the industry finds itself out-of-step with the emerging broadcasting landscape, complicated by new satellite and microwave communication hardware, yet tied by outdated legislation. In an in-depth look at the Canadian cable situation, *CableVision Plus* traces the highs and lows of the industry, with an uplifting look to future services. . . Also, Canadian Cable Television Association President Michael Hind-Smith shares his views about the many challenges facing cable in Canada and addresses the characteristic differences in regulatory philosophy between the U.S. and Canada. **Pages 35-58.**

Looking to the future

Overpenetrated and heavily regulated, the Canadian cable industry is finding itself out-of-step with advancing technology

By Brian Bremner

Canadian cable TV is suddenly a technology in search of a demand. Overpenetrated and heavily regulated, the industry finds itself out of step with a new and emerging broadcasting landscape, complicated by new satellite and microwave communication technologies, yet regulated by outdated legislation. Engaged in a policy struggle with an entrenched and conservative Canadian Radio-Television and Telecommunications Commission, the industry wants more access to U.S. programming. It is a policy struggle the fallout of which will affect U.S. cable and broadcasting interests.

The policy questions involved in the Canadian cable dispute are multi-dimensional, even reaching to the overall nature of U.S.-Canadian relations. An elaborate web of broadcasting relationships has been jolted by the emergence of unlicensed satellite master antenna television systems, in Canada, receiving unauthorized U.S. satellite signals and causing havoc in the cable industry.

The industry's response has been to press the CRTC to license more U.S. programming, a prospect that threatens Canadian broadcasters and touches upon larger national concerns about Canadian cultural identity. But another issue is involved that is of great concern to U.S. broadcasters and programmers. Under Canadian copyright law, cable companies are not liable for copyright compensations to U.S. copyright holders, a fact that angers the Reagan administration and may, U.S. officials argue, harm copyright interests internationally.

Combined, these issues add up to a policy dispute of considerable magnitude and reach. At stake is the future shape of the Canadian broadcasting system and, perhaps, U.S. programming interests to the North.

High information stakes

Like other industrial nations, Canada is now in the throes of a massive re-evaluation of policies and laws governing telecommunications. Nowadays one hears politicians liberally talk of the "Information Age," an era in which a nation's cultural and social life will be revolutionized by information services and gadgetry. Cable and satellite networks, they say, will thread throughout the land and mean—as that overworked metaphor goes—what the automobile and highway systems meant to nations 50 years ago.

Avoiding such visionary language for the moment, Canadians have a big economic stake in the so-called information age. Collectively, the 1,312 stations and cable networks that form the Canadian system generate more than $2 billion in revenues annually. Canadian program production and broadcasting industries employ some 75,000 people.

The Canadian cable industry, in particular, is to be the centerpiece of the nation's telecommunications strategy. With roughly 75 percent of the Canadian markets already wired, cable makes economic sense as a delivery system for programming and such new services as home banking, energy management and alarm systems.

Canada's Department of Communications, in a recent and much vaunted policy paper, outlined the future role of cable this way: "Cable, drawing on satellites and over-the-air broadcasting, represents the most cost-effective means of significantly expanding the viewing choices of most Canadians—while at the same time ensuring that the broadcasting system remains identifiably Canadian."

Peter Hoey

The popularity of U.S. programming poses a dilemma for Canadian officials who champion the development of a strong broadcasting and programming industry.

The key to the previous statement is to read "expanding the viewing choices of most Canadians" as a move to bring in more U.S. programming to meet the overwhelming Canadian demand. The aim here is for cable TV to provide attractive U.S. and Canadian specialty programming services to stay competitive against future direct broadcast satellite services and, of course, the SMATVs.

Predicting a boon for the Canadian high tech industry, policymakers envision a great retooling by cable operators, as they prepare their plants to build earth stations, scrambling and descrambling equipment and other cable hardware—all needed to produce new programming and informational services.

But the constellation of broadcasting interests that hangs together so well in policy papers has yet to materialize politically. The popularity of U.S. programming, the proliferation of SMATVs, industry rivalry between Canadian cable and broadcasting, together with concerns over Canadian cultural identity, have all thrown kinks into the grand strategy.

Troubleshooting

And the Canadian cable industry is in trouble. Having penetrated into virtually every Canadian city and town, the industry has little growth potential among basic subscribers. Under a federally imposed national restraint program, cable companies are restricted from raising rates more than 6 percent for fear of triggering off inflationary waves. And, in addition, the industry contributes to a national programming fund through a tax levied on cable TV revenues. Cable profits continue to decline annually. The industry is at a standstill.

SMATV operations, which carry attractive U.S. programming, are unlicensed and thus unregulated, and pose a serious threat to Canadian cable. According to Canadian Cable Television Association figures, some 398 SMATVs are operating in Western Canada alone. They carry a variety of conventional broadcast and U.S. pay TV satellite signals, and are cropping up in apartments, condominiums and hotels, an area that represents between 30 and 60 percent of a cable company's potential market. "For the first time we are seeing buildings within our licensed areas dropping from their cable subscriptions," said CCTA President Michael Hind-Smith.

Movement by the CRTC—the Canadian equivalent of the Federal Communications Commission—to introduce new programming services needed by the cable industry to retain subscribers has been glacial. Canadian pay TV was launched last February, only after a decade of debate. Robert Clasen, vice president in charge of U.S. operations at Rogers Cablesystems Inc., says Canada was ready for pay TV years ago. "Pay TV was developed six or seven years after it was widely held as a marketable product in the U.S. And now pay TV is too expensive in Canada due to Canadian content requirements," he said.

The CRTC will consider applications for Canadian, and later U.S., specialty services. However, cable officials doubt that such services will thrust cable TV forward to the cutting edge of entertainment and information. The CRTC has already announced that no U.S. superstations or pay TV services will be considered. In addition, there will be no duplication among Canadian and U.S. specialty services. "What does that leave us? The commission is already considering a Canadian sports, music and health channel. The only U.S. service we might pick up is the Cable News Network," one